

BRIAN T. CORRIGAN, ESQ. (BAR No. 143188)
EMAIL: BCORRIGAN@CORMORLLP.COM
STANLEY C. MORRIS, ESQ. (BAR No. 183620)
EMAIL: SCM@CORMORLLP.COM
CORRIGAN & MORRIS LLP
12300 WILSHIRE BOULEVARD, SUITE 210
WEST LOS ANGELES, CALIFORNIA 90025
TELEPHONE: (310) 394-2800
FACSIMILE: (310) 394-2825
Attorneys for Plaintiff, MAX LIGHTFOOT

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

MAX LIGHTFOOT,

Plaintiff,

v.

MONEYONMOBILE, INC., A
Texas Corporation, HAROLD
MONTGOMERY, DAVID B.
UTTERBACK; JAMES M.
MCKELVEY; AND SCOTT S.
AREY,

Defendants.

Case No.:

**COMPLAINT FOR MONEY DAMAGES
AND EQUITABLE RELIEF BASED ON:**

- 1. ELDER ABUSE;**
 - 2. SECURITIES FRAUD, SECTION 10(b), SECURITIES EXCHANGE ACT OF 1934 AND SEC RULE 10b-5;**
 - 3. SECTION 12(2) OF SECURITIES ACT OF 1933;**
 - 4. SECTION 18(a) OF THE SECURITIES EXCHANGE ACT OF 1934;**
 - 5. SECTION 20(a) OF THE SECURITIES EXCHANGE ACT OF 1934;**
 - 6. FRAUD AND DECEIT;**
 - 7. NEGLIGENT MISREPRESENTATION;**
 - 8. BREACH OF FIDUCIARY DUTIES; AND**
 - 9. BREACH OF CONTRACT**
- JURY DEMANDED**

1 Plaintiff, Max Lightfoot (“Plaintiff” or “Lightfoot”), for his Complaint
2 herein against Defendants, Harold Montgomery, David B. Utterback, James M.
3 McKelvey, Scott S. Arey, and MoneyonMobile, Inc. (“MOMT” and collectively
4 with all of the foregoing named defendants, the “Defendants”), respectfully
5 alleges:

6 **NATURE OF ACTION**

7 1. At all relevant times, Ankit Sahu, a California resident, has been an
8 investment advisor for the Plaintiff, Lightfoot. Before June 1, 2017, Mr. Sahu,
9 while associated with UBS, worked as Mr. Lightfoot’s investment advisor, and
10 continued to act as such for Mr. Lightfoot throughout Mr. Lightfoot’s
11 investment in MOMT. Mr. Lightfoot, at all relevant times, kept his life’s savings
12 at UBS, until he invested in MOMT. Mr. Sahu left his job at UBS and went to
13 work for MOMT, where Mr. Sahu’s principal responsibility was to raise capital
14 for MOMT. Mr. Sahu and all Defendants herein persuaded Plaintiff to invest in
15 MOMT, as alleged in greater detail below.

16 2. Between June 1, 2017 and August 3, 2018, Max Lightfoot, a 75-
17 year old man with limited mobility and even more limited investment
18 sophistication, reasonably relied on Mr. Sahu to interpret the disclosures made
19 by the Defendants regarding their financial condition, and to provide him
20 investment advice based on such disclosures. Plaintiff is informed and believes
21 that Mr. Sahu’s investment advice provided to Mr. Lightfoot recommending that
22 he make a \$700,000 investment in MOMT and the subsequent conversion
23 decisions were made based on Mr. Sahu’s and, indirectly, Mr. Lightfoot’s,
24 reasonable reliance on the Defendants, officers and directors of MOMT, and
25 their certified, audited and unaudited financial disclosures filed with the
26 Securities Exchange Commission and otherwise publicly available.

1 3. Mr. Lightfoot, directly and indirectly through Mr. Sahu, acting as
2 both Mr. Lightfoot's financial advisor and as an employee and agent of MOMT,
3 was solicited by Defendants, HAROLD MONTGOMERY, DAVID B. UTTERBACK,
4 JAMES M. MCKELVEY, SCOTT S. AREY, and MOMT, through Defendants' false
5 and misleading representations and omissions of material fact made to both Mr.
6 Sahu and Mr. Lightfoot, to loan MOMT \$700,000, a full third of Mr. Lightfoot's
7 net worth. The loan was never repaid. Instead, the same Defendants fraudulently
8 persuaded Mr. Lightfoot and his financial advisor, Mr. Sahu, that it would be in
9 Mr. Lightfoot's best interest to convert all of his MOMT debt into MOMT
10 preferred stock, and then all of his MOMT preferred stock into MOMT common
11 stock.

12 4. After convincing Mr. Lightfoot, directly and indirectly through Mr.
13 Sahu, that it was in Mr. Lightfoot's best interests to convert his MOMT debt into
14 MOMT preferred stock and then MOMT common stock, the lowest level of
15 equity, Defendants came clean with a disclosure. On September 14, 2018,
16 MOMT disclosed that its purported operating entity, upon whose operations
17 MOMT was fully dependent, was not in fact owned by MOMT, as represented
18 in its public filings, but that, instead, a group of affiliates in India had hijacked
19 the company, hired all of its employees, and effectively discontinued MOMT's
20 operations and viability, a risk not remotely disclosed to Max Lightfoot by the
21 Defendants in their public filings or otherwise, prior to the securities
22 transactions alleged herein.

23 5. Upon disclosure of such facts, MOMT's auditors resigned, citing
24 fraud, its Board of Directors, except Harold Montgomery, resigned, MOMT's
25 stock stopped trading, and Mr. Lightfoot's investment lost all of its value. As a
26 direct and proximate result of the wrongdoing described herein by the
27
28

1 Defendants, Plaintiff, Mr. Lightfoot, lost his entire value of his \$700,000
2 investment.

3
4 **THE PARTIES**

5 6. Plaintiff, Max Lightfoot, is a 75 year old man and resident of San
6 Francisco, California.

7 7. Plaintiff is informed and believes and based thereon alleges that
8 defendant, MoneyonMobile, Inc., is a Texas corporation whose principal offices
9 are located at 500 North Akard Street, Suite 2850, Dallas, Texas.

10 8. Plaintiff is informed and believes and based thereon alleges that
11 Defendant, Harold Montgomery, is a citizen of Texas, and, at all relevant times,
12 was and remains the Chief Executive Officer, Secretary and Chairman of the
13 Board of Directors of Defendant, MoneyonMobile, Inc.

14 9. Plaintiff is informed and believes and based thereon alleges that
15 Defendant, David B. Utterback, is a citizen of Texas, and, at all relevant times,
16 was a member of the Board of Directors of Defendant, MoneyonMobile, Inc.

17 10. Plaintiff is informed and believes and based thereon alleges that
18 Defendant, James M. McKelvey, is a citizen of Texas, and, at all relevant times,
19 was a member of the Board of Directors of Defendant, MoneyonMobile, Inc.

20 11. Plaintiff is informed and believes and based thereon alleges that
21 Defendant, Scott S. Arey, is a citizen of Texas, and, at all relevant times, was the
22 Chief Financial Officer of Defendant, MoneyonMobile, Inc.

23 **JURISDICTION AND VENUE**

24 12. This Court has jurisdiction over this action pursuant to 28 U.S.C. §
25 1332(a)(1) in that the action is between citizens of different states and the matter
26 in controversy exceeds the sum or value of \$75,000, exclusive of interest and
27 costs. Separately, this Court has jurisdiction over this action under 28 U.S.C.
28 §1331 in that the action arises under the laws of the United States – specifically,

1 the federal securities laws cited herein. MOMT is a company that, at all relevant
2 times, was organized and located in the State of Texas, and incurred irrevocable
3 liability to Plaintiff to issue and deliver the securities sold to Plaintiff, as alleged
4 in more detail herein, within the borders of the United States.

5 13. Venue is proper in this District pursuant to 28 U.S.C. §1391(b)(1)
6 and (2), in that it is a judicial district in which the Plaintiff, an elderly man
7 medically unable to travel, resides, and in which a substantial part of the events
8 or omissions giving rise to the claims occurred.

9 **COMMON ALLEGATIONS**

10 14. Between June 1, 2017 and August 3, 2017, MOMT representatives,
11 including Ankit Sahu and Harold Montgomery, solicited Mr. Lightfoot, a 75-
12 year old man, to invest \$700,000, one-third of his entire net worth, based on the
13 terms of three short-term (1-year) promissory notes issued to Mr. Lightfoot by
14 MOMT.

15 15. At all relevant times, Mr. Lightfoot had a close fiduciary
16 relationship with Mr. Sahu, as his long-time investment advisor, formerly with
17 UBS, and, at the time, working to raise capital for MOMT as its employee. Mr.
18 Lightfoot was and remains a physically impaired elderly and financially
19 unsophisticated person. Mr. Lightfoot was duped into making unsuitable
20 investment decisions through false and misleading representations and
21 disclosures which omitted material facts necessary to make them not misleading,
22 resulting in such \$700,000 investment in MOMT. Plaintiff is informed and
23 believes that Mr. Sahu, too, was duped by such false statements and omissions,
24 and, as a result, passed much of such information unwittingly along to Mr.
25 Lightfoot on behalf of Mr. Sahu's employer, MOMT and boss, Harold
26 Montgomery.

1 16. In the first set of wrongful securities transactions, MOMT sold Mr.
2 Lightfoot short-term promissory notes issued by MOMT based on MOMT's and
3 Mr. Montgomery's assurance that Mr. Lightfoot's loans would be repaid much
4 sooner than the one-year maturity dates, because each loan was intended only to
5 cover a short-term gap in financing while a new private placement closed. Mr.
6 Montgomery represented to Mr. Lightfoot that the funding would close within
7 three months. Mr. Lightfoot was told and reassured by Mr. Montgomery that the
8 proceeds of such financing would be used to pay off Mr. Lightfoot's loans well
9 in advance of their maturity dates. MOMT representatives, through MOMT's
10 public filings, including all filings with the Securities and Exchange
11 Commission preceding the investment transactions alleged herein, and verbal
12 representations made to Mr. Lightfoot by Mr. Montgomery and Ankit Sahu,
13 failed to disclose any risk that the private placement would not be completed
14 timely. Further, MOMT representatives, including those referenced herein, did
15 not disclose that MOMT might choose not to use such funds to repay Mr.
16 Lightfoot. Finally, MOMT representatives, including those referenced herein,
17 failed to disclose that MOMT did not protect its ownership in its operating
18 company and might lose its entire operations through corporate restructuring by
19 third parties that could occur in India. All such disclosures were necessary to
20 make the representations to Mr. Lightfoot made in MOMT's public filings, as
21 well as verbal and written representations made to Mr. Lightfoot by Mr.
22 Montgomery and Mr. Sahu, on behalf of MOMT, not misleading.

23 17. Unfortunately, Max Lightfoot's loans to MOMT were never repaid.
24 In January 2018, \$12.5 million of the financing was completed and available to
25 MOMT. But, Mr. Lightfoot was not repaid as promised. Instead of paying Mr.
26 Lightfoot, MOMT and Mr. Montgomery compounded their initial wrongful acts,
27
28

1 by inducing Mr. Lightfoot into a second and third fraudulent securities
2 transaction:

- 3 a. in February 2018, through fraud, deception and omission of
4 material facts, MOMT and Mr. Montgomery persuaded Mr.
5 Lightfoot to convert his debt into Preferred Shares based on
6 false representations that the Preferred Shares would bear a 12%
7 per year return paid monthly (which payments were never made
8 and, when the Preferred Share certificates were issued, did not
9 reference such 12% dividend payout) and, at the time of such
10 conversion, continued to omit the disclosures, alleged below,
11 necessary to render its representations in its public filings not
12 misleading; and
- 13 b. on or around May 11, 2018, through fraud, deception and
14 omission of material facts, MOMT and Mr. Montgomery
15 persuaded Mr. Lightfoot to convert such Preferred Shares into
16 common stock, based on the false representations that the
17 conversion would generate free trading common stock (which
18 was never issued to Mr. Lightfoot) and promises that the 12%
19 dividend would be compensated, instead, by a consulting
20 agreement, pursuant to which compensation of the same amount
21 would be paid for no actual services. At the time of such
22 conversion, the Defendants continued to omit the disclosures
23 necessary to render its representations in its public filings not
24 misleading.

25 18. At all relevant times, MOMT and each of the Defendants omitted
26 disclosures that would be necessary to make representations in public filings and
27
28

1 made directly to Mr. Lightfoot by MOMT and its representatives not
2 misleading, including each of the following:

- 3 a. that, despite Mr. Montgomery's and Mr. Sahu's representations
4 that the private placement would close and the funds therefrom
5 used to repay the debt, there was a material risk that such
6 financing and repayment would not occur within such three-
7 month period;
- 8 b. that there was a substantial risk that MOMT would decide not to
9 use funds generated from the private placement to repay Mr.
10 Lightfoot;
- 11 c. that there was a substantial risk that adverse third parties in India
12 could cause MOMT the total loss of its operation and financing
13 prospects, without compensation, leaving MOMT unable and
14 unwilling to repay Mr. Lightfoot's notes; and
- 15 d. that MOMT's management had made misrepresentations to its
16 auditors regarding its India operating company ownership and
17 assets, among other things, and that, upon discovery of such
18 misrepresentations, there was a substantial risk that its auditors
19 would resign and make public disclosure of the fraudulent
20 representations upon which its resignation was based, the
21 consequences of which would render the repayment of Mr.
22 Lightfoot's investment less likely or impossible, and the
23 liquidation of common stock in MOMT delayed, or possibly
24 permanently impaired, and thus far less valuable, if not entirely
25 worthless.
- 26 e. That Mr. Sahu, an employee of MOMT while acting as Mr.
27 Lightfoot's financial advisor, had a conflict of interest in that
28

1 Mr. Sahu (as an employee of MOMT responsible for raising
2 capital for the company) was incentivized by MOMT to sell Mr.
3 Lightfoot on the investment in MOMT, including through salary
4 and stock options in MOMT, made more valuable and liquid
5 based on Mr. Lightfoot's \$700,000 investment in MOMT.
6 Collectively, the foregoing omissions shall be referred to herein as the
7 "Omissions".

8 19. Defendants, and each of them, made, approved and certified in
9 public filings, as alleged herein, misrepresentations made to the public,
10 including Mr. Lightfoot, and his financial advisor (and MOMT employee), Mr.
11 Sahu. Specifically, the Defendants, and each of them, misrepresented that
12 MOMT held majority share ownership rights in its purported operating
13 subsidiary. MOMT's SEC Form 10-K for the fiscal years ended March 31, 2016
14 and March 15, 2017, approved by the Defendants, state, without adequate risk
15 disclosures, that:

16 "On March 31, 2015, My Mobile Payments Limited executed a
17 business transfer agreement to sell its business to DPPL. As of
18 March 31, 2016, the Company has acquired 68.6% and 8.17% of
19 the outstanding common stock of DPPL and MMPL, respectively.
20 The Company and MMPL have entered into an agreement by
21 which the Company intends to acquire additional shares of common
22 stock of MMPL to increase its equity percentage to 74% for an
23 additional investment amount to be negotiated as future
24 investments are made. The acquisition of additional shares is
25 subject to approval by the Indian government and regulations for
26 foreign investment."
27
28

1 *Id.* at p. 6. A substantially identical disclosure was published at page 2 of
2 MOMT's SEC Form S-1 filing on March 26, 2018, and May 16, 2018
3 Prospectus. The risk that MOMT's purported ownership in such subsidiaries
4 could be taken over by third parties in India without compensation is a material
5 fact necessary to make such representation not misleading.

6 20. Plaintiff is informed and believes and based thereon alleges that the
7 purported March 31, 2015 business transfer agreement on which DPPL, the
8 operating arm of MOMT, purportedly acquired the business of MMPL, upon
9 which DPPL relied for its operations, was never fully documented and
10 consummated. MOMT not only failed to consummate the transaction, but also
11 failed to disclose such failure to public investors, including Mr. Lightfoot.
12 Instead, MOMT and its officers and directors maintained the representation that
13 the business transfer agreement was "executed" in each of the foregoing public
14 filings, falsely implying that the business transfer agreement "executed" March
15 31, 2015 had been fully consummated within a reasonable time after execution.
16 The fact that the business transfer, in truth, was never fully consummated by
17 way of thorough documentation of such transfer, and prohibition of competition
18 in agreements with its founders, are material facts and risks that were required to
19 be disclosed to investors in order to make that sentence not misleading. Those
20 facts were, instead, concealed from Mr. Lightfoot and the public.

21 21. Additional misrepresentations and omissions were made to induce
22 Mr. Lightfoot into making each of his two conversions (a) from notes to
23 Preferred Stock in February 2018; and (b) from Preferred Stock to Common
24 Stock on May 11, 2018.

25 22. To induce the first conversion, Mr. Montgomery and MOMT
26 promised that Mr. Lightfoot would profit from the conversion because his 10%
27 yielding notes would be replaced by 12% yielding Preferred Stock. After the
28

1 conversion, MOMT stopped making the interest payments previously made by
2 MOMT on the promissory notes, yet failed to start making the 12% dividend
3 payments promised on the Preferred Stock. Contrary to the representations made
4 to Mr. Lightfoot to persuade him to convert his debt to Preferred Stock, MOMT
5 did not make Preferred Stock dividend payments at all. When Mr. Lightfoot
6 complained about not receiving his Preferred Stock dividends, MOMT
7 explained that for their own accounting purposes, it could not issue the Preferred
8 Stock in a form to yield a 12% dividend, because doing so would require the
9 Preferred Stock to be treated as debt (which they did not want to do).

10 23. Instead, MOMT and Mr. Montgomery promised that MOMT would
11 pay Mr. Lightfoot a consulting fee to make up for the 12 percent yield promised,
12 together with common stock that could be sold freely into the public market.
13 MOMT and Mr. Montgomery failed to disclose that such transaction, itself,
14 would constitute an improper and fraudulent accounting of what was, in essence,
15 an interest payment on a debt or dividend payment on stock.

16 24. Collectively, all of the foregoing misrepresentations shall be
17 referred to collectively herein as the “Misrepresentations”.

18 25. Mr. Lightfoot, an unsophisticated elderly gentleman, reasonably
19 believed MOMT's and Mr. Montgomery's deceptive misrepresentations and
20 false promises, and, in reliance thereon, converted his promissory notes into
21 Preferred Stock.

22 26. When Mr. Lightfoot complained about the breach of Mr.
23 Montgomery's and MOMT's promise to make 12% Preferred Stock Dividend
24 payments, Mr. Montgomery and MOMT proposed a second solution. They
25 offered to convert the Preferred Stock into free trading MOMT common stock,
26 based on assurances that Mr. Lightfoot could immediately sell that stock into the
27 public market to recoup his investment. In addition, Mr. Montgomery and
28

1 MOMT offered Mr. Lightfoot, instead of paying 12% dividends, that MOMT
2 would compensate Mr. Lightfoot pursuant to the terms of a consulting
3 agreement, at the same rate, but for no actual consulting services. Mr. Lightfoot
4 reasonably relied on Mr. Montgomery's and MOMT's promises, after
5 consulting with his investment advisor, Mr. Sahu, and accepted the proposal on
6 or around May 11, 2018.

7 27. Again, these representations proved to be false, and these promises
8 were immediately breached.

9 28. MOMT paid March, April, May and June 2018 payments
10 purportedly under a consulting agreement, which was never presented in writing
11 to Mr. Lightfoot.

12 29. MOMT failed to issue to Mr. Lightfoot any common stock. Mr.
13 Lightfoot made immediate demand for the free trading common stock he was
14 promised based on his May 11, 2018 conversion. MOMT and its counsel stalled
15 such delivery. Then, on June 4, 2018, less than a month after promising such
16 free trading shares, MOMT went delinquent on its public filings, defeating the
17 exemption from the Section 5 registration requirement pursuant to Rule 144
18 necessary for Mr. Lightfoot to sell his common stock into the public market.
19 Because Rule 144 expressly requires current reporting, and no lawyer's opinion
20 letter could be secured by Mr. Lightfoot so long as MOMT's reporting was not
21 current, MOMT and Mr. Montgomery knew or should have known on May 11,
22 2018, when the conversion to common stock was sold to Mr. Lightfoot, that Mr.
23 Lightfoot would not be receiving free trading stock immediately, as promised.
24 Knowing that they would not be able to keep their promise to deliver to Mr.
25 Lightfoot common stock without legend, MOMT and Mr. Montgomery
26 fraudulently promised Mr. Lightfoot that it would issue such shares and that he
27 could then, immediately, liquidate such shares into the market to recover his
28

1 investment. Only after Mr. Lightfoot was duped into converting his debt into
2 Preferred Stock, and then converting his Preferred Stock into common stock did
3 MOMT and Mr. Montgomery disclose to Mr. Lightfoot that he would not be
4 receiving what he bargained for in agreeing to make each conversion. To date,
5 MOMT has not cured its filing default and, it appears, is unable to do so in the
6 near term, due to the resignation of its auditors for reasons implying fraudulent
7 misrepresentations by management to its auditors pertaining to the company's
8 ownership rights of its purported operating company in India.

9 30. The final blow came on September 14, 2018, when MOMT issued a
10 press release disclosing to Mr. Lightfoot and the public, for the first time, among
11 other things:

12 On August 22, the Company issued an 8K Statement documenting
13 that, during the month of August, its Indian operations had been
14 hijacked through illegal means. Specifically, the Board of My
15 Mobile Payments, Ltd. (known as "MMPL" - the entity holding the
16 license with the Reserve Bank of India enabling the company to
17 handle domestic remittances) held a Board meeting without our
18 knowledge or participation and installed three new Board members
19 from a group who formed themselves as "LI Digital Payments
20 Private Limited"(known as LexInnova-DPPL or LI-DPPL) and
21 approved the transfer of 50.5% of the shares of MMPL to the LI-
22 DPPL entity....

23
24 Please note that, by virtue of our various shareholder and
25 investment agreements, MOMT has a Right of First Refusal on any
26 transfers to third parties. Further, election of new Board members
27 requires our approval, and a Board meeting in which MOMT
28

1 representatives are not present is a violation of the corporate
2 governance as defined by our properly filed agreements and hence
3 a violation of Indian law (See Exhibit #3 below). The validity of
4 these agreements has been affirmed many times over the last 6
5 years with the participants.

6
7 The LI-DPPL group then proceeded to demand that all our
8 employees working at the sister company DPPL, resign and transfer
9 to the newly created company LI-DPPL. The employees did so. LI-
10 DPPL had no legal standing to make such a demand. We believe,
11 based on reports we received from employees, that they were
12 coerced into this action.

13
14 As stated earlier, the hijacking appears to be the product of many
15 months of conspiratorial planning by members of the senior
16 management of the Company's India subsidiary, (hereafter "local
17 management") with whom we have worked for the last 6 years, and
18 the third-party investment group operating under the name
19 LexInnova DPPL (LI-DPPL). (See Exhibit #1 for the incorporation
20 record of LI-DPPL. Note the incorporation date of February 28,
21 2018, indicating the earliest documented actions related to this
22 conspiracy that we have.)

23 31. Abhi Verma, one of the persons who Mr. Montgomery blames for
24 what is characterized as the illicit taking of MOMT's operating entities,
25 adamantly disputes the representations made by MOMT in its September 14,
26 2018 press release, in Mr. Verma's own October 6, 2018 blog at
27
28

1 https://medium.com/@abhi_verna/the-true-story-behind-moneymobile. In that
2 blog, Mr. Verma makes the following statements:

3 In 2012, Mr. Montgomery, who represented himself as a
4 payment expert and CEO of Calpian Inc. (now MOMT)
5 approached the founders of MMPL and expressed his interest in
6 collaborating with, what was then a fast-growing payments
7 business. However, at the time, Calpian strangely chose not to
8 invest in MMPL directly but instead insisted that a few select
9 shareholders of MMPL create a new company as direct
10 investment was "not permitted by Indian law and regulations."
11 See e.g., [https://www.sec.gov/Archives/edgar](https://www.sec.gov/Archives/edgar/data/1414628/000162828015002228/clpi49158-k.htm)
12 [/data/1414628/000162828015002228/clpi49158-k.htm](https://www.sec.gov/Archives/edgar/data/1414628/000162828015002228/clpi49158-k.htm). Mr.
13 Montgomery and some key MMPL shareholders then created a
14 new company named Digital Payments Processing Limited
15 ("DPPL") (See Annexure-2 for ownership of DPPL). Thereafter,
16 MMPL agreed to a "Services Agreement" with DPPL, whereby
17 certain key resources were transferred out of MMPL and MMPL
18 was required to provide Services i.e., the operation of the Money
19 on Mobile payment platform. It now appears this was done with
20 duplicitous intentions so as to deprive the public shareholders of
21 MMPL the value of the underlying payments business and to
22 circumvent Indian banking and foreign investment regulations.

23
24 Once DPPL was set-up, Calpian purported to agree over time to
25 become a majority shareholder of DPPL and entered into a
26 Memorandum of Understanding dated March 23, 2012 ("MoU")
27 with MMPL and its shareholders. (See Annexure-3 for the MoU
28

1 dated March 23, 2012) The MoU also nominally entitled
2 Calpian an option to merge DPPL into MMPL. However, any
3 merger was subject to (i) the satisfaction of certain investment
4 conditions, (ii) Indian banking and foreign exchange regulations
5 permitting the investment, (iii) approval of public shareholders,
6 and, most importantly, (iv) an appropriate valuation (see Clause
7 3.3 in the MoU). Hence, as a result of the MoU, Calpian held a
8 limited option, with many conditions, which if met, then had to
9 be voted on and passed to effectuate any merger.

10
11 Then, notwithstanding that direct investment was against Indian
12 law, in August 2013, Mr. Montgomery then directed Calpian to
13 deviate from the initial understanding in the MoU and to invest
14 directly into MMPL (See Annexure-4 for the Amendment to the
15 MoU). Once again, this understanding was subject to certain
16 investment conditions which Calpian ultimately never met and
17 has consistently breached and defaulted in complying with its
18 obligations. As a result of this investment, for the first time,
19 Calpian became a direct shareholder of MMPL and came to hold
20 only 8% of its equity share capital.

21
22 The Deception Began. In January 2013, Mr. Montgomery began
23 utilizing a PowerPoint slide show as part of his effort to meet
24 with potential investors, brokers and small institutions to seek
25 investment in Calpian.

26 <https://www.sec.gov/Archives/edgar/data/>

1 1414628/000119312513015940/d467622d8k.htm. At first, the
2 deception was subtle. In his slideshow, Mr. Montgomery presented a
3 "Company Overview" slide that listed Calpian and "Money on
4 Mobile" as another company. He also misrepresented that Calpian
5 "acquired stake in 2012 with options to purchase up to 74%."
6 [https://www.sec.gov/Archives/edgar/data/1414628/000119312513015](https://www.sec.gov/Archives/edgar/data/1414628/000119312513015940/d467622dex991.htm)
7 [940/ d467622dex991.htm](https://www.sec.gov/Archives/edgar/data/1414628/000119312513015940/d467622dex991.htm). The fact is that neither Calpian nor DPPL
8 had any stake in MMPL. The fact was that Calpian owned a small
9 amount of DPPL, with the right to continue buying more shares of
10 DPPL, and the only thing that existed between DPPL and MPPL was a
11 limited Services Contract. Mr. Montgomery continued portraying
12 "Money on Mobile" as a company, of which Calpian had a stake
13 through July 24, 2014. See [https://www.sec.gov/](https://www.sec.gov/Archives/edgar/data/1414628/000135448813005155/clpi_ex991.htm)
14 [Archives/edgar/data/1414628 /000135448813005155/clpi_ex991.htm](https://www.sec.gov/Archives/edgar/data/1414628/000135448813005155/clpi_ex991.htm);
15 [https://www.sec.gov](https://www.sec.gov/Archives/edgar/data/1414628/000135448814001072/clpi_ex991.htm)
16 [/Archives/edgar/data/1414628/000135448814001072](https://www.sec.gov/Archives/edgar/data/1414628/000135448814001072/clpi_ex991.htm)
17 [/clpi_ex991.htm](https://www.sec.gov/Archives/edgar/data/1414628/000135448814001072/clpi_ex991.htm); [https://www.sec.gov/ Archives/edgar](https://www.sec.gov/Archives/edgar/data/1414628/000156276214000174/clpi-20140723ex991ba8255.htm)
18 [/data/1414628/000156276214000174/clpi-20140723ex991ba8255.htm](https://www.sec.gov/Archives/edgar/data/1414628/000156276214000174/clpi-20140723ex991ba8255.htm)
19 5. Mr. Montgomery's Misrepresentation Escalates.
20 Thereafter, Mr. Montgomery began misleading Investors through its
21 SEC filings and its press releases implying that it owned a "majority"
22 of MMPL. For example, in Calpian's August 14, 2014 Press Release, it
23 claimed it was "offering mobile payment services through Indian
24 subsidiary Money-On-Mobile." [https://www.sec.gov/ Archives/edgar](https://www.sec.gov/Archives/edgar/data/1414628/000135448814004288/clpi_ex991.htm)
25 [/data/1 414628/000135448814004288/clpi_ex991.htm](https://www.sec.gov/Archives/edgar/data/1414628/000135448814004288/clpi_ex991.htm). See also
26 [https://www.sec.gov/ Archives/edgar/data/1414628...](https://www.sec.gov/Archives/edgar/data/1414628/000135448814004288/clpi_ex991.htm)
27
28

1 32. Perhaps most damning of MOMT's and Mr. Montgomery's
2 representations was the resignation of MOMT's auditors based on fraudulent
3 statements made to them:

4 As part of the process for auditing the Company's financial
5 statements for the year ended March 31, 2018, we determined
6 that we have not been able to obtain appropriate, sufficient and
7 competent evidential matter for us to complete our audit
8 procedures, specifically in regards to transactions involving the
9 group's transactions in India as well as obtaining representations
10 from senior management of the Company's alleged majority
11 controlled Indian subsidiaries. In performing our audit steps we
12 identified a number of deficiencies including statements by
13 senior accounting department staff in India that they had no
14 record of certain material transactions that certain accounting
15 entries were fictitious.

16
17 On July 16, 2018, a senior member of the accounting and finance
18 department staff at the Company's Indian subsidiary informed our
19 engagement partner in the course of their conversation that the
20 subsidiary had recognized and recorded fictitious revenues,
21 understated liabilities and misappropriated assets in prior reporting
22 periods....

23
24 On July 21 2018, RBSM prepared and submitted a letter to the AC
25 Chairman outlining the Firm's concerns with regard to potential fraud
26 and illegal acts at the Company and in its Indian subsidiaries, in
27
28

1 particular Digital Payments Processing Limited (“DPPL”) and SVR
2 Retail Pvt., Ltd. (“SVR”) between 2013 and 2017.

3 The Audit Committee (AC) ... Chairman met with this
4 ‘whistleblower’ individual, and this individual corroborated the
5 account of events conveyed in our letter to the AC on July 21, 2018.
6 These transactions took place in the Indian subsidiaries during 2013-
7 2017.

8
9 The production of requested documents supporting management’s
10 assertion in the financial statements has been purposely delayed or not
11 provided to us.

12
13 Responses to our Firm’s inquiries of Company management as to the
14 existence of fraud and confirmation of related party transactions have
15 been consistently ignored and have purposely not been provided.

16 [https://www.sec.gov/Archives/edgar/data/1414628](https://www.sec.gov/Archives/edgar/data/1414628/000141462818000077/rbsmletters.htm)
17 [/000141462818000077 /rbsmletters.htm](https://www.sec.gov/Archives/edgar/data/1414628/000141462818000077/rbsmletters.htm).

18 33. As a direct result of the foregoing, MOMT's Auditor, Audit
19 Committee, and entire Board of Directors, excluding only Mr. Montgomery,
20 resigned.

21 34. As a direct and proximate cause of the foregoing
22 Misrepresentations and Omissions, upon which Mr. Lightfoot reasonably and
23 actually relied in making the initial \$700,000 in loans, converting such loans to
24 Preferred Stock and converting such Preferred Stock into common stock, none
25 of which he would have done but for such Misrepresentations and Omissions,
26 Mr. Lightfoot lost the entirety of his \$700,000 investment in MOMT.

FIRST CLAIM FOR RELIEF

Elder Abuse

Against Defendants Harold Montgomery and MoneyonMobile, Inc

35. Plaintiff realleges paragraphs 1 through 34, inclusive.

36. Plaintiff is informed and believes, and based thereon alleges, that Defendants, Harold Montgomery and MoneyonMobile, Inc., and each of them, through the actions alleged above, took, secreted, appropriated, obtained and retain \$700,000 of Plaintiff, an elder person, for a wrongful use or with intent to defraud Plaintiff, or both.

37. Plaintiff is informed and believes, and based thereon alleges, that, through the actions above, Defendants, Harold Montgomery and MOMT, and each of them, assisted in taking, secreting, appropriating, obtaining, or retaining \$700,000 of Plaintiff, an elder person, with intent to defraud him.

38. Plaintiff is informed and believes, and based thereon alleges, that, by hiring Plaintiff's Investment Advisor as an employee of MOMT, and incentivizing him to do so, Defendants used undue influence over Plaintiff, through Ankit Sahu, to affect the taking, secreting, appropriating, obtaining and retaining, or assist in such taking, secreting, appropriating, obtaining or retaining, of Plaintiff's \$700,000 investment.

39. Plaintiff is informed and believes, and based thereon alleges, that Defendants, Harold Montgomery and MOMT, and each of them, knew or should have known that Defendants' wrongful acts were likely to be harmful to Plaintiff, an elderly person.

40. As a direct and proximate consequence of Defendants' elder abuse, Plaintiff lost all of his \$700,000 investment in MoneyonMobile, Inc., plus interest and attorneys' fees.

1 41. Plaintiff seeks and is entitled to a judgment awarding the return of
2 Plaintiff's principal, plus interest at 10% per annum, plus attorneys' fees and
3 costs pursuant to California Welfare and Institution Code section 15657.5, and
4 further seeks and is entitled to recover punitive and exemplary damages.

5 **SECOND CLAIM FOR RELIEF**

6 *Securities Fraud – Section 10(b) and Rule 10B-5*

7 *Against all Defendants*

8 42. Plaintiff realleges paragraphs 1 through 34, inclusive.

9 43. Plaintiff alleges that Defendants, and each of them, made material
10 Misrepresentations or Omissions alleged above, with scienter, knowing or with
11 reckless disregard for the true facts, in connection with the purchase or sale of a
12 securities by Plaintiff alleged above, that Plaintiff actually and reasonably relied
13 on by purchasing and converting securities, as alleged above, without knowing
14 the true facts, resulting in Plaintiff's loss of all of his \$700,000 investment in
15 MOMT directly and proximately caused when Plaintiff relied on such
16 Misrepresentations and Omissions in deciding to make such investment.

17 44. Plaintiff seeks and is entitled to recover his losses, according to
18 proof at trial, plus interest and punitive and exemplary damages.

19 **THIRD CLAIM FOR RELIEF**

20 *Liability under Section 12(2) of the Securities Act of 1933*

21 *Against MoneyonMobile, Inc. and Harold Montgomery*

22 45. Plaintiff realleges paragraphs 1 through 34, inclusive.

23 46. Plaintiff is informed and believes, and based thereon alleges, that
24 MOMT and Harold Montgomery were the sellers to Plaintiff of the promissory
25 notes, Preferred Stock and Common Stock referenced in this Complaint to
26 Plaintiff.

1 47. Plaintiff is informed and believes, and based thereon alleges, that
2 such Defendants used interstate commerce or the mails to offer to sell or to sell
3 such securities to Plaintiff, by means of a prospectus or oral communication; and
4 that such communications included the Misrepresentations and Omissions
5 alleged herein, of which Plaintiff did not have knowledge of the truth. Each such
6 seller knew, or in the exercise of reasonable care would have known, that such
7 statements were not true when made and of such omitted material facts
8 necessary to make such statements not misleading.

9 48. Wherefore, Plaintiff is entitled to recover his investment, plus
10 interest, minus payments received thereon, if any, and such other relief as may
11 be permitted at law or in equity, including, without limitation, rescission, as
12 prescribed by 15 USC §771, Section 12(2) of the Securities Act of 1933, with
13 respect to each and all of the securities transactions alleged herein.

14 **FOURTH CLAIM FOR RELIEF**

15 *Liability under Section 18(a) of the Securities Exchange Act of 1934*

16 *Against all Defendants*

17 49. Plaintiff realleges paragraphs 1 through 34, inclusive.

18 50. Plaintiff is informed and believes, and based thereon alleges, that
19 Defendants, and each of them, made the false and misleading Misrepresentations
20 and Omissions alleged herein, in the documents filed with the Securities and
21 Exchange Commission alleged herein.

22 51. Plaintiff actually relied on such statements in making the
23 investment of \$700,000 for promissory notes issued by MOMT, and by later
24 converting those notes into MOMT Preferred Stock, and thereafter into MOMT
25 common stock. Each of the Defendants knew, or in the exercise of reasonable
26 care would have known, that such statements were not true when made and of
27 such omitted material facts necessary to make such statements not misleading.
28

1 52. Plaintiff is informed and believes that the market price of the
2 securities purchased or acquired through conversion in MOMT was directly and
3 dramatically impacted by the materially false Misrepresentations and Omissions
4 alleged herein. Had true and accurate statements been made by the Defendants
5 in their public filings, the price for the promissory notes, Preferred Stock and
6 common stock of MOMT would have been substantially lower, if not zero, at
7 the time of the transactions stated above.

8 53. Wherefore, Plaintiff is entitled to recover from each Defendant,
9 jointly and severally, Plaintiff's investment, plus interest, minus payments
10 received thereon, if any, and such other relief as may be permitted at law or in
11 equity, including, without limitation, rescission.

12 **FIFTH CLAIM FOR RELIEF**

13 *Liability under Section 20(a) of the Securities Exchange Act of 1934*

14 *Against All Defendants*

15 54. Plaintiff realleges paragraphs 1 through 34, inclusive.

16 55. Plaintiff is informed and believes, and on that basis alleges, that
17 Defendants, and each of them, was, at all relevant time, a person who could
18 exercise control over Ankit Sahu, acting both as MOMT's employee and
19 Plaintiff's investment advisor, in connection with his sales to Plaintiff of
20 MoneyonMobile, Inc. promissory notes, and later to convert such notes into
21 Preferred Stock, and thereafter, to convert said Preferred Stock into Common
22 Stock.

23 56. Plaintiff is informed and believes, and on that basis alleges, that
24 Defendants (excluding Harold Montgomery), and each of them, was, at all
25 relevant times, a person who could exercise control over Harold Montgomery in
26 connection with his sales to Plaintiff of MoneyonMobile, Inc. promissory notes,
27
28

1 and later to convert such notes into Preferred Stock, and thereafter, to convert
2 such Preferred Stock into Common Stock.

3 57. Plaintiff alleges that, in making the misrepresentations and
4 omissions alleged herein to Plaintiff, Ankit Sahu and Harold Montgomery each
5 directly committed a primary violation by, among other things, making the
6 Misrepresentations and Omissions to Plaintiff to induce him to purchase the
7 promissory notes, and later to convert those notes into preferred stock, and
8 thereafter to common stock. At all relevant times, Harold Montgomery, as CEO
9 of MOMT, controlled Ankit Sahu as an employee of MOMT. Harold
10 Montgomery, in turn, was controlled by MOMT's Board of Directors,
11 Defendants herein.

12 58. Each Defendant, in some meaningful sense, was a culpable
13 participant in the controlled persons' fraud.

14 59. Wherefore, Plaintiff is entitled to recover from each Defendant,
15 jointly and severally, Plaintiff's investment, plus interest, minus payments
16 received thereon, if any, and such other relief as may be permitted at law or in
17 equity, including, without limitation, rescission.

18 **SIXTH CLAIM FOR RELIEF**

19 *Fraud and Deceit*

20 *Against all Defendants*

21 60. Plaintiff realleges paragraphs 1 through 34, inclusive.

22 61. Plaintiff alleges that Defendants, and each of them, made material
23 Misrepresentations or Omissions alleged above, with scienter, knowing the true
24 facts, in connection with the purchase or sale of a securities to Plaintiff, as
25 alleged herein, that Plaintiff actually and reasonably relied on, without knowing
26 the true facts, directly and proximately causing Plaintiff's loss of all of his
27
28

1 \$700,000 investment in MOMT when Plaintiff relied on such misrepresentations
2 and omissions in deciding to make such investment and conversions.

3 62. Plaintiff seeks and is entitled to recover his losses, according to
4 proof at trial, plus interest and punitive and exemplary damages.

5 **SEVENTH CLAIM FOR RELIEF**

6 *Negligent Misrepresentation*

7 *Against all Defendants*

8 63. Plaintiff realleges paragraphs 1 through 34, inclusive.

9 64. Plaintiff alleges that Defendants, and each of them, made material
10 Misrepresentations or Omissions alleged above, with no reasonable ground for
11 believing such representation to be true, in connection with the purchase or sale
12 of securities sold to Plaintiff, alleged herein, that Plaintiff actually and
13 reasonably relied on, without knowing the true facts, directly and proximately
14 causing Plaintiff's loss of all of his \$700,000 investment in MOMT when
15 Plaintiff relied on such misrepresentations and omissions in deciding to make
16 such investment.

17 65. Plaintiff seeks and is entitled to recover his losses, according to
18 proof at trial, plus interest and punitive and exemplary damages.

19 **EIGHTH CLAIM FOR RELIEF**

20 *Breach of Fiduciary Duties*

21 *Against all Defendants*

22 66. Plaintiff realleges paragraphs 1 through 34, inclusive.

23 67. Plaintiff is informed and believes that, at all relevant times,
24 Defendants, and each of them, owed fiduciary duties of care and loyalty to
25 Plaintiff, as a debt holder of MOMT as an insolvent company, and later as a
26 shareholder of MOMT. Plaintiff is informed and believes that by hiring Ankit
27 Sahu, Mr. Lightfoot's investment adviser, to raise capital, including from Mr.
28

1 Sahu's investment adviser client, Mr. Lightfoot, MOMT owed the same
2 fiduciary duties to Mr. Lightfoot as were owed by Ankit Sahu as Mr. Lightfoot's
3 investment adviser.

4 68. Plaintiff is informed and believes that Defendants, and each of
5 them, breached their fiduciary duties of care and loyalty to Plaintiff, by, among
6 other things, publishing financial statements containing the Misrepresentations
7 and Omissions set forth above, and by neglecting to correct such statements
8 and/or protect their operating assets against the hijacking of such assets by their
9 associates in India.

10 69. Plaintiff is informed and believes that the Defendants, and each of
11 them, knowingly participated in such breach of fiduciary duties.

12 70. Such breaches of fiduciary duties directly and proximately caused
13 Plaintiff to suffer the loss of his entire \$700,000 investment in MOMT.

14 71. Plaintiff prays for compensatory and punitive damages according to
15 proof at trial.

16 **NINTH CLAIM FOR RELIEF**

17 *Breach of Contract*

18 *Against MoneyonMobile, Inc.*

19 72. Plaintiff realleges paragraphs 1 through 34, inclusive.

20 73. MoneyonMobile, Inc. and Plaintiff entered into an oral contract on
21 May 11, 2018, pursuant to which Plaintiff converted his \$700,000 promissory
22 notes into 140,000 shares of Preferred Stock in MOMT (at a conversion rate of
23 \$5) and later into 2,800,000 shares of common stock (at a conversion price of 25
24 cents per share of MOMT common stock) to be freely and immediately
25 tradeable in the public market for such stock, plus monthly compensation
26 pursuant to a consulting contract for which Plaintiff was to be paid a salary
27 which would provide Plaintiff compensation of 12% per annum on Plaintiff's
28

1 investment, in exchange for no services by Plaintiff. MoneyonMobile, Inc.
2 promised, through Harold Montgomery, to promptly issue and deliver such
3 common stock and to prepare such consulting agreement.

4 74. Plaintiff performed all material parts of that agreement.

5 75. MoneyonMobile, Inc. breached the agreement by failing and
6 refusing to deliver the common stock promptly, or at all. Moreover, in early
7 June 2018, within a month after the oral agreement was formed,
8 MoneyonMobile, Inc. became delinquent in its public filings and, to this day,
9 remains delinquent.

10 76. MoneyonMobile, Inc. had, at all relevant times, and to this day has,
11 no registered shares that it could or that it can issue to Plaintiff.

12 77. MoneyonMobile, Inc. could only comply with its promise on May
13 11, 2018 to deliver immediately to Plaintiff free trading common stock by
14 delivering unregistered stock which could become free trading if MOMT
15 delivered such stock and otherwise had been in full compliance with SEC Rule
16 144, which creates a safe harbor for public sales of unregistered securities. One
17 requirement of Rule 144 is that the issuer maintains current financial statements
18 on record with the SEC. MOMT delayed delivering such shares while MOMT
19 had current financial statements with the SEC. As a result of MOMT's delay in
20 delivering the common stock to Plaintiff, and thereafter failing to maintain
21 current financial statements, MoneyonMobile breached its promises to Plaintiff
22 to delivery free trading common stock promptly and, to this day, has not done
23 so.

24 78. As a direct and proximate result of MoneyonMobile, Inc.'s breach
25 of its oral contract with Plaintiff, Plaintiff suffered damages in the amount to be
26 proven at trial, which Plaintiff estimates would exceed \$700,000 plus interest at
27 10 % per annum.
28

1 79. Plaintiff is entitled to recover its losses from MoneyonMobile, Inc.
2 resulting from its breach of the oral contract with MoneyonMobile, Inc.

3 Wherefore, Plaintiff, Max Lightfoot, demands judgment, as follows:

- 4 i) on all Claims for Relief, awarding Plaintiff his lost investment,
5 \$700,000, plus interest at 10% per annum from the time that such
6 investments were made by Mr. Lightfoot until the time paid by
7 the Defendants; and
8 ii) on the first claim for relief for Elder Abuse, for punitive damages,
9 plus attorneys' fees and costs; and
10 iii) on all claims based on elder abuse, intentional fraud and deceit, for
11 punitive and exemplary damages according to proof of culpability
12 at trial; and
13 iv) on all claims for relief, granting such other and further relief as the
14 Court deems just.

15 Dated: November 20, 2018

CORRIGAN & MORRIS, LLP

16 By: /S/ Brian T. Corrigan

17 Brian T. Corrigan

18 Attorneys for Plaintiff
19
20
21
22
23
24
25
26
27
28

DEMAND FOR JURY TRIAL

Plaintiff demands a jury trial.

Dated: November 20, 2018

CORRIGAN & MORRIS, LLP

By: /S/ Brian T. Corrigan
Brian T. Corrigan
Attorneys for Plaintiff